

## CHAPTER 2

### MANAGEMENT OF MONITORING ACTIVITIES

- 2-1 **APPLICABILITY.** This Chapter on management of monitoring is applicable to all programs and functions listed in Section 1-3 of the first Chapter.
- 2-2 **THE MONITORING FRAMEWORK.** HUD policies require that monitoring be risk-based to maximize available resources. As described in Section 7-3 of Handbook 1840.1 Rev-3, *Departmental Management Control Program*, risk-based monitoring is used to target attention to program activities and participants that represent the greatest risk and susceptibility to fraud, waste and mismanagement. The guidance in this Handbook is designed to address specific monitoring deficiencies previously identified by the GAO and HUD's Office of Inspector General (OIG) that included: inadequate monitoring policies/procedures or failure to follow established policies/procedures; and inadequate documentation or information systems that did not provide accurate, reliable or timely monitoring information.
- 2-3 **USE OF RISK ANALYSIS.** CPD has developed a biennial risk analysis process via Notices to the Field on "Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs."<sup>1</sup> Each program participant's past performance is analyzed and compared against the full spectrum of formula and competitive program participants and programs. This method ranks program participants in descending order, from highest to lowest risk. Three categories are used: high, medium, and low risk. The risk analysis results are recorded in CPD's Grants Management Process (GMP) information system.
- The Handbook Chapters and Exhibits are designed to conduct compliance monitoring based upon risk analysis results. All monitoring is to be based on CPD's risk analysis process.
- 2-4 **THE MANAGEMENT PLAN AND FIELD OFFICE WORK PLANS.** Annually, CPD Field Offices develop Management Plans to facilitate achievement of HUD performance goals in delivering programs and services to our customers. Within the framework established by the national Management Plan goals and the local risk analysis results, each Field Office develops an annual work plan (in GMP). The work plan identifies the actions that will be taken to assess program participant performance, including which participants will be monitored, the type of monitoring (e.g., in-depth, limited, on-site, remote), the programs/functions to be monitored, the expected monitoring dates, and needed resources (staff, travel funds, etc.).

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<sup>1</sup> See [http://www.hudclips.org/sub\\_nonhud/cgi/nph-brs.cgi?d=CPDN&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=1&r=1&f=G](http://www.hudclips.org/sub_nonhud/cgi/nph-brs.cgi?d=CPDN&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=1&r=1&f=G).

- 2-5 PREPARING FOR MONITORING. Successful monitoring depends both on effective use of time and knowledgeable reviewers. Chapter-specific information is provided to facilitate monitoring efforts. For purposes of this Handbook, pre-monitoring preparation includes:

A. Individual Monitoring Strategy. Whether monitoring is conducted remotely or on-site, the development of an individual, written monitoring strategy is needed to define the scope and focus the monitoring efforts. It identifies:

1. the programs/areas/functions to be reviewed;
2. data or information to be submitted by the program participant prior to monitoring (if any);
3. the names of any participant staff members who will need to be consulted during the monitoring;
4. anticipated staff who will conduct the monitoring (e.g., CPD Representatives and, if participating, any Specialists);
5. clearly defined areas of responsibilities for each reviewer (to avoid duplication) if more than one staff person will be conducting the monitoring;
6. a schedule for carrying out the monitoring tasks and the anticipated time frames; and
7. required resources (e.g., travel funds if on-site; time needed if remote).

The individual monitoring strategy must be documented in GMP, and indicate review and approval by the CPD Field Office Director. Timely and concise written documentation is an important tool for management use in assessing planned actions against accomplishments.

B. Pre-Monitoring Preparation. HUD reviewers are responsible for being thoroughly familiar with the Federal program to be monitored and knowledgeable of the entity or entities to be monitored. Such comprehension is crucial for making the most of scarce time and resources and effectively determining compliance and accomplishments, especially given program complexities. It also enables the reviewer to make observations and provide technical assistance or develop recommendations to improve program performance.

This preparation process involves:

1. understanding the governing statutes, regulations and official guidance;
2. reviewing and analyzing participant reports, available data, Field Office files, audits and financial information, previous monitoring reports and issues; and
3. obtaining other relevant information from knowledgeable Field Office staff.

This preparatory work may result in revisions to the individual monitoring strategy, either with respect to areas to be covered, estimated time frames, and/or staff resources needed/participant staff to be consulted.

- 2-6 COORDINATION. Certain Chapters of this Handbook contain guidance and Exhibits for reviews of technical areas: Citizen Participation, Consolidated Plan, Environment, Fair Housing and Equal Opportunity (FHEO), Labor, and Lead Hazards. Monitoring reviews of areas outside of the purview of the CPD Representative (Environment, FHEO, Labor and Lead Hazards) are to follow the guidance contained within the applicable Chapter with respect to decision-making authority, coordination, and follow-up.
- 2-7 CONDUCTING THE MONITORING. All CPD monitoring consists of the following elements:
- A. Notification to the Program Participant. After the monitoring strategy has been developed, communicate with the program participant to establish a date (whether on-site or remote). Once a date has been set, a formal written letter to the program participant is to be sent. Unless there are extenuating circumstances, this letter should be sent at least two weeks prior to the monitoring. The letter should discuss the monitoring schedule, identify the areas to be reviewed, and the names and titles of the HUD staff conducting the monitoring. It should also request that the necessary participant staff be available during the monitoring. For on-site monitoring, the letter should confirm the need for any required services (e.g., conference rooms, telephones, computers). For remote monitoring, the letter should identify specific information to be submitted by the program participant and a timeframe for submission.
  - B. Entrance Conference. The purpose of the entrance conference is to:
    1. explain how the monitoring will be conducted;
    2. identify/confirm key program participant staff who will assist during the monitoring;
    3. set up or confirm meeting or interview times (including any clients who may be interviewed) and, if applicable, schedule physical inspections;
    4. verify the programs/activities to be reviewed and, if on-site, how access to files and work areas will be granted (some programs files can be sensitive; some work areas can be hazardous).
  - C. The Assessment Process. The “real work” of monitoring entails interviews and file reviews to verify and document compliance and performance (and can include physical inspections, if monitoring is conducted on-site).
    1. Evaluate! The Exhibit questions are designed to assess and document compliance with program requirements based upon:

- a. file reviews to determine the accuracy of the information, using both automated and manual data and reports submitted to HUD by the program participant; and
- b. interviews with program participant staff, contractors, subrecipients, and clients to clarify and determine the accuracy of the information, assess level of satisfaction with the provision of services or the “end products,” and document performance.

Specific responses to the Exhibit questions are expected. Although this approach can take more time up-front, it yields higher quality reviews that provide a better picture of a program participant's grant program for supervisory staff, future CPD Representatives for the program participant, and others who have a need to review the program participant's performance or HUD's monitoring efforts. The responses to each question provide important documentation for HUD's administrative record.

Because it is unlikely that the HUD reviewer will be able to monitor all of a program participant's activities, projects and/or functions, or even review activities in a specific area spanning a participant's entire program year, sampling is generally expected to form the basis for drawing conclusions about the program participant's performance. The majority of the Handbook Chapters instruct the reviewer on the sampling procedures to be followed for that Chapter.

For nonrandom samples, HUD reviewers should give consideration to unresolved problems remaining from previous monitoring, any new types of activities being undertaken, and/or the extent of any activities considered high risk. Any sample review or spot-check of program participant records that raises questions concerning the accuracy of the data indicates the need for further follow-up.

Use a common sense approach and engage in a continuous evaluation of data and other information to draw defensible and supportable conclusions. Always keep in mind that the main objective of monitoring is to assist program participants in carrying out their program responsibilities. Ask yourself, “Is the program purpose being accomplished? Are the program beneficiaries being served as intended?” Are program requirements being met?

2. Communicate! Throughout the monitoring, maintain an on-going dialogue with the program participant. Such communication keeps the participant informed as to how the monitoring is progressing, enables discussions of any problem areas encountered, and provides the participant

an opportunity to make “on-the-spot” adjustments or corrections or present additional information to help the HUD reviewer. It also minimizes the potential for surprises to the participant when the exit conference is held as well as when the monitoring results are formally communicated in writing.

3. Document! The responses to the questions in this Handbook Exhibits form the basis for monitoring conclusions and are supplemented by program participant records copied or reviewed during the monitoring. All Exhibit questions must be clearly answered (both the “Yes/No/N/A” box and the “Basis for Conclusion” text box). For example, an N/A response could indicate either that the question did not apply or the reviewer was unable to answer it (due to time constraints, unexpected problems in other areas, etc.). The “Basis for Conclusion” needs to succinctly but explicitly explain this.

Keep in mind that people unfamiliar with the program participant, or the program/area being monitored, assess CPD monitoring efforts (e.g., staff participating in a Quality Management Review, or from HUD’s OIG or GAO). Field Office changes may also result in reassignment of program participants to different CPD staff. Therefore, monitoring conclusions must be clear to persons unfamiliar with the participant, program or technical area. Documentation requirements for the entire monitoring process are discussed in Section 2-14 below.

- D. Exit Conference. At the end of the monitoring review, CPD conducts an exit conference with the appropriate participant officials or staff to discuss preliminary conclusions. In part, this serves to confirm the accuracy and completeness of the information used to form the basis for the monitoring conclusions. It may also highlight areas of disagreement between HUD and the participant. The HUD reviewer is responsible for using the “Monitoring Summary Form” (see Exhibit 1 in this Chapter), not only to prepare for the exit conference by clearly and concisely summarizing the conclusions, but also to document the issues discussed at the exit conference, the date and time of the meeting, and the names and titles of the attendees. To the extent that a program participant signifies disagreement, the basis for any objections should be noted. These summarizations are used to develop the monitoring letter, which is discussed in Section 2-10 below.
- E. Supervisory Oversight. While it is recognized that restricted travel resources limit the number of staff able to conduct on-site monitoring visits, it is recommended that supervisors periodically accompany their staff, particularly when staff are new or inexperienced, or where travel expenses are minimal (e.g., the entity being monitored is within the local travel area of the Field Office). The purpose of this is to allow supervisors to more adequately

assess the quality of their staffs' work beyond the normal in-house functions of file reviews, analyses, and discussions. Accompanying staff would provide supervisors an opportunity to observe how a review is being conducted and how on-the-spot judgments are being made when HUD reviewers select and assess files and interview program participant staff.

## 2-8 MONITORING CONCLUSIONS.

A. Decision Categories. As a result of monitoring, HUD may reach one or more conclusions that:

1. performance was adequate or exemplary;
2. there were significant achievements;
3. there were concerns that need to be brought to the attention of the program participant;
4. technical assistance was provided or is needed; and/or
5. there were findings that require corrective actions.

All conclusions – positive or negative - must be supportable, defensible, and adequately documented.

B. Findings and Concerns. Where deficiencies are identified, the following procedures apply:

1. Findings. Where an identified deficiency results in a finding, the finding must include the **condition, criteria, cause, effect, and required corrective** action.
  - a. The **condition** describes what was wrong or what the problem was.
  - b. The **criteria** cite the regulatory or statutory requirements that were not met.
  - c. The **cause** explains why the condition occurred.
  - d. The **effect** describes what happened because of the condition.
  - e. The **corrective action** identifies the action(s) needed to resolve the problem and, unless inapplicable or there are extenuating circumstances, should include the time frame by which the participant is to respond to the finding.
2. Concerns. Monitoring concerns brought to the program participant's attention should include the **condition, cause, and effect**. The HUD reviewer should suggest or recommend actions that the program participant can take to address a concern, based on sound management principles or other guidelines. However, corrective actions are not *required* for concerns.

2-9 SANCTIONS.

- A. The Process. Identified monitoring deficiencies that rise to the level of a “finding” require corrective action. Responsibility rests both with the HUD reviewer and the entity being monitored. The HUD reviewer must validate that there is sufficient documented information and/or evidence to support a finding of noncompliance. The entity being monitored has a responsibility to determine, or assist the HUD reviewer in determining, the reason why a requirement was violated or provide evidence of compliance.

A key ingredient of effective monitoring is the ability to identify the root cause(s) of any identified deficiencies, whether the problem is an isolated occurrence or systemic. Such knowledge leads to the development of optimal corrective actions. Keep in mind that there may be any number of acceptable solutions to resolve a deficiency. Ideally, the program participant should agree with HUD’s assessment of the cause and offer a workable solution. In some cases, the HUD reviewer may need to determine appropriate action if compliance is not possible, i.e., do we want money recovered, a grant reduced, limited or terminated? Contemplation of those or other serious corrective actions triggers the need for the Field Office to contact the appropriate Headquarters program/technical office.

- B. Exhibit Structure. The questions contained within the Exhibits in this Handbook have been set up to assist the HUD reviewer in correctly identifying deficiencies that rise to the level of a “finding.” Each Exhibit contains a “Note” under the heading, advising the reviewer that certain questions contain, as a parenthetical below the question, statutory or regulatory citations and/or contract/agreement references. A negative response (“No”) by the HUD reviewer to any such question indicates noncompliance that constitutes a “finding.” Including the basis for the requirement enables the entity being monitored to better understand the specific program requirement. That entity is not precluded from self-assessing during the monitoring to determine if it has additional information or supporting documentation that would cause the HUD reviewer to form a different conclusion.

Understanding the cause serves to outline the action or actions needed to resolve the violation(s). To assist the HUD reviewer in developing corrective actions for findings of noncompliance, Exhibit 2 of this Chapter provides a “sanctions table” by program or technical area. HUD’s discretion for resolving deficiencies lies within these parameters. An important and fundamental principle of the monitoring process is that HUD is *required to make findings* when there is evidence that a program statute, regulation or requirement has been violated but it retains *discretion in identifying appropriate corrective action(s)* to resolve deficiencies. An equally fundamental principle is that program participants have due process rights to contest findings.

2-10 THE MONITORING LETTER. Within 45 days after completion of monitoring, HUD sends written correspondence to the program participant describing the results – in sufficient detail to clearly describe the areas that were covered and the basis for the conclusions. Each monitoring letter is to include:

- A. the program, project or entity monitored;
- B. the dates of the monitoring;
- C. the name(s) and title(s) of the HUD staff who performed the monitoring review;
- D. a listing of the program/project/activity areas reviewed (which, in most cases, will repeat the areas outlined in the notification letter to the participant);
- E. if applicable, a brief explanation of the reasons why an area specified in the notification letter was not monitored (e.g., time constraints, unanticipated problems arising in another area);
- F. monitoring conclusions (pursuant to Section 2-8.A of this Chapter);
- G. if applicable, clearly labeled findings and concerns (described pursuant to the requirements of Section 2-8.B of this Chapter);
- H. if there are findings, an opportunity for the program participant to demonstrate, within a time prescribed by HUD, that the participant has, in fact, complied with the requirements;
- I. response time frames, if needed;
- J. an offer of technical assistance, if needed, or a description of technical assistance provided during the monitoring.

Because HUD works in partnership with the entities it funds, generally, the tone of the monitoring letter should be positive, in recognition of our common goal to responsibly and effectively implement HUD's programs. Include significant accomplishments or positive changes to establish and maintain positive relationships and to recognize the dedication and commitment of the program participant staff to our program missions. However, the monitoring letter should not include general statements that the program participant "complied with all applicable rules and regulations." Such broad general statements can negate HUD's ability to apply sanctions, if deemed necessary at a later date. Monitoring reviews cover selected program or technical areas and, oftentimes, are based on a selected sample. Monitoring conclusions, therefore, should be qualified, i.e., "based upon the materials reviewed and the staff interviews, the activity/area was found to be in compliance with (specify requirements)."

2-11 REQUIRED CONCURRENCES.

- A. Supervisor or Designee. Prior to sending the monitoring letter to the program participant, the HUD reviewer's supervisor, or authorized designee, concurs on the monitoring letter after evaluating the supporting documentation to assure that the conclusions are clearly supportable by the Exhibits, working papers and materials generated during the monitoring. While recognizing that

this review can be time-intensive, it is integral to the monitoring process and serves to:

1. enable the supervisor or designee to assess the quality and accuracy of the monitoring;
2. allow Field Offices to track consistency in handling monitoring findings across their geographic area as well as for a particular program participant (especially if reviewers have changed);
3. confirm that performance problems are properly detected and the selected corrective actions are appropriate to remedy noncompliance; and
4. provide a quality assurance mechanism that monitoring reviewers are making appropriate, supportable judgments and drawing sound conclusions such that the program participant has a clear understanding of HUD's evaluation of its performance during a specific time period.

Supervisory concurrence is also required for follow-up correspondence.

- B. Other Technical Areas. Where monitoring includes the technical areas of Environment, FHEO, Labor or Lead Hazards, the Chapter instructions for making findings, follow-up, review and concurrence in these areas are to be followed.
- C. Office of General Counsel. Office of General Counsel concurrence is needed when potential litigation is indicated or when litigation has begun.
- D. Headquarters. When serious corrective action is required (e.g., grant reduction, limitation, or termination), the Field Office must contact the appropriate Headquarters program office for assistance. Program office staff are responsible for involving Headquarters program counsel in such instances.

## 2-12 CLOSING FINDINGS.

- A. General. Follow-up by HUD reviewers serves two purposes:

1. it provides an opportunity to evaluate the effectiveness of our monitoring efforts in maintaining or improving participant performance; and
2. it enables us to determine that required corrective actions are implemented.

GAO considers the monitoring process to be completed only after an identified deficiency has been corrected, the corrective action produces improvements and it is determined that management action is not needed (see

GAO/AIMD-00-21.3.1, *Standards for Internal Control in the Federal Government*, “Monitoring”).

- B. Follow-Up. All follow-up actions are documented and communicated to program participants. Target dates are assigned when corrective actions are required and relayed to the participant in the monitoring letter.
1. In the event that a program participant fails to meet a target date - and has not alerted the Field Office as to the reasons prior to the date (and, if appropriate and agreed-upon, established a new date) - the HUD reviewer is to follow-up either by telephone or email, with a reminder. Either form of contact must be documented.
  2. If the program participant has not responded within 30 days after the date of the Field Office reminder, a letter is to be sent to the program participant requesting the status of the corrective action(s) and warning the participant of the possible consequences (under the applicable program requirements) of a failure to comply. Where the program participant is unresponsive or uncooperative, the Field Office is to contact the Headquarters program office(s) for guidance on carrying out progressive sanctions.
  3. When the program participant notifies HUD that the corrective actions have been implemented, the appropriate staff are to review the submitted information within 15 working days. Regardless of whether the response is acceptable (and/or sufficient to close a monitoring finding) or inadequate, a letter is to be sent to the program participant within 30 calendar days of receipt of its submission. The correspondence will either inform the participant that a finding has been closed; acknowledge any interim actions that have been taken and reaffirm an existing date; or state that additional information/action is needed and establish a new target date to resolve the deficiency. When determining whether it is reasonable or appropriate to establish new target dates, consider the program participant’s good faith efforts as well as any extenuating circumstances beyond the participant’s control that impact timely and effective resolution.

## 2-13 BUILDING AN ADMINISTRATIVE RECORD.

- A. The Basis for the Need. All the documents and other materials that HUD uses, maintains or generates in administering its programs for each program participant (e.g., letters, internal memos, e-mail, informal notes of telephone calls, grant agreements, third party information submitted to HUD, photographs) constitutes the “administrative record.” It is the evidence to support HUD’s actions. It can be used by HUD to take enforcement actions (e.g., to reduce or terminate a participant’s grant) or to defend HUD’s decision

if HUD is sued. Once litigation begins, the administrative record cannot be added to or re-created.

It is critical that HUD has a sufficient administrative record that supports its decisions so that HUD can take sanctions in cases where the program participant does not voluntarily take corrective action. In CPD programs that provide the participant an opportunity for a hearing before an administrative law judge before HUD can reduce or terminate the grant, HUD must have the evidence to support the determination that the program participant failed to substantially comply with the program requirement. The administrative record provides the primary evidence.

- B. How to Make It Work for You. Making the administrative record work for you and improve your ability to perform your job is mostly common sense. First, all basic documents should be readily available (and you should be familiar with their contents). Second, write correspondence with the realization that it can be used effectively either for or against HUD in litigation. Therefore, any written correspondence “stands on its own,” whether you initiate it or are replying to a submission from the participant (or outside of the Department). It should be understandable to a third party reading it for the first time months or years later.

Correspondence containing administrative decisions requires special attention. When HUD makes a finding, a request for corrective action is being conveyed, or CPD is saying “no” to a request, the Department’s letter conveying the decision or action needs to show our understanding of the nature of the issue and explain our reasons. Adverse actions must cite the authority, e.g., the applicable regulation, OMB Circular, or statutory provision. Avoid characterizations or personal opinions in written correspondence, whether letters, emails, or internal memorandums. To protect against allegations of arbitrary and capricious conduct, answer all correspondence within a reasonable amount of time after you receive it. Demands or requests that we make of our program participants must be reasonable and it must be possible to complete required actions within the time allotted. Retain all attachments to incoming or outgoing correspondence. All dates, signatures, and concurrences should be clearly legible.

Return telephone calls you receive. When you take notes of such calls, include the date of the call, the names of the people who participated in the call, and the substance of the conversations. For nondocumentary materials, such as pictures, videotapes, recordings of interviews, etc., identify each item as to date, place, and names or narrators (if applicable).

- C. Errors to Avoid. To the extent that compliance issues arise with a program participant that result in litigation, indefensible or incomplete administrative records hurt HUD’s ability to prove our case or can make HUD look bad in court. Some of these problems are fixable; some are not. However, any problems either have to be corrected before HUD can go to court or a

judgment made by Headquarters that a problem is fatal to any enforcement effort. Problems that are difficult to fix include:

1. Letters from HUD that deny a request but do not explain the basis for the denial or cite the wrong authority;
2. Letters from HUD containing unreasonable requests, either in time or action;
3. Unfulfilled promises by HUD;
4. Letters that demonstrate our lack of understanding of what a participant was asking for or proposing;
5. Actions taken by HUD that do not follow our own procedures including inconsistencies in making findings;
6. Letters that do not stand on their own (i.e., are not understandable to a third party reading them for the first time months or years later);
7. Missing or illegible documents; and/or
8. Letters that clear findings without stipulations or verification of compliance.

D. Potential Consequences. Remember that almost all documents in HUD files must be disclosed in litigation if the program participant requests it. Therefore, when you create any kind of document, particularly internal memos, avoid conclusions, predictions, or inferences -they can harm the Department in litigation. Note that email and voice mail messages are retained in back-up systems for up to six months after you delete them and, in most cases, must be disclosed in litigation. Avoid the temptation to take shortcuts! All monitoring conclusions must be supported. If you are scrupulous in maintaining an administrative record with the possibility of litigation in mind, it will pay off in the end.

## 2-14 DOCUMENTATION.

A. General. It is essential that each step of the monitoring process be adequately documented. Documenting preserves the valuable results, both positive and negative. All correspondence, documentation and working papers relating to the monitoring and conclusions are to be maintained in the official Field Office files. Where appropriate or required, information can be maintained in electronic form (e.g., GMP).

The cost to HUD of not maintaining such documentation is substantial and potentially embarrassing. This is especially true when a program participant has been carrying out similar activities or projects over a period of time and HUD reviewers have been reassigned or changed. Support documentation

becomes extremely significant when HUD seeks to take enforcement actions that are challenged, as discussed in Section 2-13, above.

B. Departmental Standards. HUD has established overall policies and requirements for records management in the following documents:

1. Handbook 2225.6, *HUD Records Disposition Schedules*: This Handbook contains disposition instructions for HUD records and nonrecord material.<sup>2</sup>
2. A000.1G, *Files Management Guide*: This guide provides instructions on filing, maintaining and retrieving HUD records.<sup>3</sup>
3. Handbook 2228.1, *Records Disposition Management*: This Handbook addresses HUD's records disposition management program objectives, policies and responsibilities.<sup>4</sup>
4. Handbook 2228.2, *General Records Schedules*: This Handbook provides disposition authorization information for records common to Federal Government agencies under the General Records Schedules (GRS).<sup>5</sup>
5. Handbook 2229.1, *Records Disposition Scheduling for Automated Systems*: This Handbook provides guidelines for ADP system sponsors, assisted by the Office of Information Technology, for establishing retention periods for mainframe computer system files.<sup>6</sup>

Questions on any of the policies or procedures addressed in the above materials are to be directed to the Records Management Liaison Officers in the program areas (<http://hudatwork.hud.gov/po/ars/nara/rmmlolist.doc>).

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<sup>2</sup> See [http://www.hudclips.org/sub\\_nonhud/cgi/nph-brs.cgi?d=ADMH&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=4&r=338&f=G](http://www.hudclips.org/sub_nonhud/cgi/nph-brs.cgi?d=ADMH&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=4&r=338&f=G).

<sup>3</sup> See [http://www.hudclips.org/sub\\_nonhud/cgi/nph-brs.cgi?d=GUID&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=1&r=2&f=G](http://www.hudclips.org/sub_nonhud/cgi/nph-brs.cgi?d=GUID&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=1&r=2&f=G).

<sup>4</sup> See [http://www.hudclips.org/sub\\_nonhud/cgi/nph-brs.cgi?d=ADMH&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=4&r=391&f=G](http://www.hudclips.org/sub_nonhud/cgi/nph-brs.cgi?d=ADMH&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=4&r=391&f=G).

<sup>5</sup> See [http://www.hudclips.org/sub\\_nonhud/cgi/nph-brs.cgi?d=ADMH&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=5&r=404&f=G](http://www.hudclips.org/sub_nonhud/cgi/nph-brs.cgi?d=ADMH&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=5&r=404&f=G).

<sup>6</sup> See [http://www.hudclips.org/sub\\_nonhud/cgi/nph-brs.cgi?d=ADMH&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=5&r=434&f=G](http://www.hudclips.org/sub_nonhud/cgi/nph-brs.cgi?d=ADMH&s1=@docn&l=100&SECT1=TXTHLB&SECT5=HEHB&u=./hudclips.cgi&p=5&r=434&f=G).

C. CPD Requirements. For CPD, documenting the monitoring process consists of:

1. Copies of the risk analysis process and results in accordance with the procedures established in the current Notice on “Implementing Risk Analyses for Monitoring Community Planning and Development Programs.”
2. Copies of the annual work plans.
3. Copies of the individual monitoring strategies.
4. Copies of the notification letters to the program participants.
5. Copies of the completed monitoring Exhibits with any support documentation obtained during the monitoring (e.g., contracts, budget forms, participant policies, work write-ups). This documentation should be attached to the appropriate Exhibit and clearly labeled indicating what they are and what part of the monitoring they support. (Note: HUD reviewers who maintain their own “working files” may keep hard copies of monitoring documentation provided that any and all original documents are maintained in the Field Office’s official files.) All Exhibits must include the reviewer’s name and the date that the form was completed.
6. Copies of the completed Attachment 1, *Monitoring Summary Form*, with exit conference notes (as described in Section 2-7.D above).
7. Copies of the official monitoring letters to the program participants, containing the necessary concurrences and signatures, date-stamped to reflect the date sent to the participant.
8. Copies of documentation relating to final resolution of identified deficiencies [including responses both to and from program participants and handled either by CPD or other HUD office(s)].

It is recommended that supervisors periodically and randomly review the official Field Office monitoring files (both hard copy and electronic information systems) to determine that proper documentation is in place.